

SAMUDERA SHIPPING LINE LTD

(Company Registration: 199308462C)

FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2006

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 and Q3), HALF YEAR AND FULL YEAR RESULTS

1 (a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Board of Directors announces the unaudited results of the Group for the financial period ended 31 March 2006.

	The Group		
	1Q 2006 S\$'000	1Q 2005 S\$'000	+ / (-) %
Turnover	172,717	155,637	11.0
Cost of services	(156,875)	(128,423)	22.2
Gross Profit	15,842	27,214	(41.8)
Other operating income	482	508	(5.1)
Marketing expenses	(2,833)	(2,930)	(3.3)
Administrative expenses	(2,890)	(2,713)	6.5
Other operating expenses	(95)	(408)	(76.7)
Profit from operations	10,506	21,671	(51.5)
Finance expenses, net	(3,195)	(194)	n.m.
Operating profit	7,311	21,477	(66.0)
Share of results of associated company	34	163	(79.1)
Profit before tax	7,345	21,640	(66.1)
Tax	(555)	(212)	n.m.
Profit after tax	6,790	21,428	(68.3)
Attributable to:			
Equity holders of the Company	6,600	21,307	(69.0)
Minority interests	190	121	57.0
Net profit attributable to shareholders	6,790	21,428	(68.3)

n.m. = not meaningful

1 (a)(ii) Notes to the Income Statements

	The Group		
	1Q 2006 S\$'000	1Q 2005 S\$'000	+ / (-) %
(A) Finance expnese, net			
- Interest income	1,148	842	36.3
- Interest on borrowings	(607)	(708)	(14.3)
- Foreign exchange (loss) gain	(3,736)	173	n.m.
	(3,195)	307	
(B) Depreciation and amortisation	(3,351)	(4,081)	n.m.
(C) Write back of doubtful trade debts	31	115	(73.0)
(D) Unrealised loss in investment securities	(38)	(408)	(90.7)

1 (b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	31 Mar 06 S\$'000	31 Dec 05 S\$'000	31 Mar 06 S\$'000	31 Dec 05 S\$'000
Capital and reserves attributable to equity holders of the Company				
Share capital	99,704	44,928	99,704	44,928
Share premium	-	53,432	-	53,432
Share redemption reserve	-	1,344	-	1,344
Capital reserve	267	267	-	-
Translation reserve	(1,956)	1,571	-	-
Other reserves	(219)	(477)	-	-
Accumulated profits	215,925	209,325	164,950	160,905
	<u>313,721</u>	<u>310,390</u>	<u>264,654</u>	<u>260,609</u>
Minority interests	2,398	2,179	-	-
Total equity	316,119	312,569	264,654	260,609
Non-current assets				
Subsidiaries	-	-	81,328	75,753
Associated company	927	853	283	283
Fixed assets	136,985	137,723	1,359	1,469
Deferred charges	5,595	4,431	-	-
Deferred taxation	541	496	-	-
	<u>144,048</u>	<u>143,503</u>	<u>82,970</u>	<u>77,505</u>
Current assets				
Stocks	2,502	2,304	-	-
Trade debtors	87,038	89,043	74,151	79,444
Other debtors, deposits and prepayments	24,785	21,510	16,720	15,689
Due from subsidiaries (trade)	-	-	5,214	5,675
Due from subsidiaries (non-trade)	-	-	7,074	13,004
Due from related companies (trade)	1,971	687	1,751	455
Investment securities	19,708	24,051	19,708	24,051
Call and fixed deposits	82,421	93,086	71,231	86,371
Cash and bank balances	63,544	57,577	39,701	21,807
	<u>281,969</u>	<u>288,258</u>	<u>235,550</u>	<u>246,496</u>
Current liabilities				
Trade creditors	36,218	39,351	29,235	35,975
Other creditors and accruals	26,408	27,219	15,596	18,539
Due to subsidiaries (trade)	-	-	8	8
Due to related companies (trade)	1,543	1,198	-	-
Hire purchase creditors, current portion	86	105	35	35
Bank term loans (secured), current portion	6,937	7,903	-	-
Provision for tax	1,385	1,707	727	560
	<u>72,577</u>	<u>77,483</u>	<u>45,601</u>	<u>55,117</u>
Net current assets	209,392	210,775	189,949	191,379
Non-current liabilities				
Due to subsidiary (non-trade)	-	-	8,144	8,145
Hire purchase creditors, non-current portion	198	229	121	130
Bank term loans (secured), non-current portion	37,123	41,480	-	-
Net assets	316,119	312,569	264,654	260,609

1 (b)(ii) The aggregate amount of the group's borrowings and debt securities

	As at 31 Mar 2006		As at 31 Dec 2005	
	Secured S\$ mil	Unsecured S\$ mil	Secured S\$ mil	Unsecured S\$ mil
Amount repayable in one year or less, or on demand	7.02	-	8.01	-
Amount repayable after one year	37.32	-	41.71	-
	<u>44.34</u>	<u>-</u>	<u>49.72</u>	<u>-</u>

Details of any collateral

The Group's borrowings are secured by means of:

- > Corporate guarantees from Company's immediately holding Company, PT Samudera Indonesia Tbk.
- > Corporate guarantees from Company
- > Legal mortgages over certain vessels of its subsidiaries
- > Legal charges over certain bank accounts of the subsidiaries
- > Assignment of income derived from certain charter hire contracts of subsidiaries
- > Assignment of insurance of certain vessels of the subsidiaries
- > Legal mortgages over vessels under constructions

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q1 2006	Q1 2005
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	7,345	21,640
Adjustments:		
Amortisation of deferred charges	1,000	1,426
Depreciation of fixed assets	2,351	2,655
Gain on disposal of fixed assets	-	(7)
Write back of provision for doubtful trade debts	(31)	(115)
Gain on disposal of investment securities	(230)	-
Interest expenses	607	708
Interest income	(1,148)	(341)
Share of results of associated company	(34)	(163)
Unrealised loss on investment securities	38	408
Operating profit before working capital changes	<u>9,898</u>	<u>26,211</u>
(Increase) decrease in:		
Stocks	(197)	(194)
Trade debtors	2,036	(8,046)
Other debtors, deposits and prepayments	(3,275)	8,909
Due from related companies	(1,284)	(926)
Increase (decrease) in:		
Trade creditors	(3,133)	(625)
Other creditors and accruals	(568)	(707)
Due to related companies	345	(585)
Due to minority shareholders of a subsidiary	-	1
Cash generated from operations	<u>3,822</u>	<u>24,038</u>
Interest paid	(607)	(708)
Income tax paid	(901)	(377)
Net cash generated from operating activities	<u>2,314</u>	<u>22,953</u>
Cash flows from investing activities		
Interest income received	1,148	341
Acquisition of fixed assets	(5,709)	(7,400)
Proceeds from disposal of fixed assets	-	198
Additions to deferred charges	(2,290)	(360)
Purchase of investment securities	-	(3,104)
Proceeds from disposal of investment securities	3,830	-
Net cash used in investing activities	<u>(3,021)</u>	<u>(10,325)</u>
Cash flows from financing activities		
Repayment of hire purchase liabilities	(45)	(160)
Repayment of bank term loans	(3,892)	(7,207)
Net cash used in financing activities	<u>(3,937)</u>	<u>(7,367)</u>
Net increase in cash and cash equivalents	(4,644)	5,261
Effect of exchange rate changes on cash and cash equivalents	(54)	(51)
Cash and cash equivalents at the beginning of the period	<u>150,663</u>	<u>72,468</u>
Cash and cash equivalents at the end of the period	<u>145,965</u>	<u>77,678</u>

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the period ended 31 March

	Share Capital S\$'000	Share Premium S\$'000	Share Redemption Reserve S\$'000	Capital Reserve S\$'000	Translation Reserve S\$'000	Other Reserves S\$'000	Accumulated Profits S\$'000	Minority Interests S\$'000	Total Equity S\$'000
GROUP									
Balance as at 1 Jan 2006	44,928	53,432	1,344	267	1,571	(477)	209,325	2,179	312,569
Effect of amendment to Companies Act	54,776	(53,432)	(1,344)	-	-	-	-	-	-
Currency translation	-	-	-	-	(3,527)	15	-	29	(3,483)
Net profit for the period	-	-	-	-	-	-	6,600	190	6,790
Net unrealised gains on revaluation of cash flow hedges	-	-	-	-	-	243	-	-	243
Balance as at 31 Mar 2006	99,704	-	-	267	(1,956)	(219)	215,925	2,398	316,119
Balance as at 1 Jan 2005	45,768	53,432	504	267	(225)	-	144,263	1,862	245,871
Effect of adoption of FRS 39	-	-	-	-	-	(1,511)	-	-	(1,511)
Currency translation	-	-	-	-	673	-	-	11	684
Net profit for the period	-	-	-	-	-	-	21,307	121	21,428
Net unrealised gains on revaluation of cash flow hedges	-	-	-	-	-	639	-	-	639
Balance as at 31 Mar 2005	45,768	53,432	504	267	448	(872)	165,570	1,994	267,111

	Share Capital S\$'000	Share Premium S\$'000	Share Redemption Reserve S\$'000	Accumulated Profits S\$'000	Total Equity S\$'000
COMPANY					
Balance as at 1 Jan 2006	44,928	53,432	1,344	160,905	260,609
Effect of amendment to Companies Act	54,776	(53,432)	(1,344)	-	-
Net profit for the period	-	-	-	4,045	4,045
Balance as at 31 Mar 2006	99,704	-	-	164,950	264,654
Balance as at 1 Jan 2005	45,768	53,432	504	107,026	206,730
Net profit for the period	-	-	-	18,733	18,733
Balance as at 31 Mar 2005	45,768	53,432	504	125,759	225,463

1 d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 24 February 2006, the Company allotted and issued 89,855,199 ordinary shares as bonus share pursuant to the approval from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the bonus shares on the official list of the SGX-ST. As the result, the number of issued ordinary shares of the Company has increased from 449,276,000 as at 31 Dec 2005 to 539,131,199 as at 31 Mar 2006.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account and share redemption reserve account have been transferred to the Company's share capital account in the current year.

Except for the above, the Group has applied the same accounting policies and methods of computation in the financial statements of the current financial reporting period as in the audited financial statements for the year ended 31 December 2005.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to item 4.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period based on net profit attributable to shareholders:

- (i) Based on number of ordinary shares in issue*
- (ii) On a fully diluted basis

Group Figures	
1Q 2006	1Q 2005
1.22 cents	3.88 cents
1.22 cents	3.88 cents

* For purposes of comparison, earnings per share for the quarter ended 31 Mar 2005 is calculated based on the adjusted number of ordinary shares of 549,210,000 after taking into consideration of 1 for 5 bonus issue. Earnings per share for the quarter ended 31 Mar 2006 is calculated based the number of issued ordinary shares of 539,131,199.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

Net asset value backing per ordinary share based on issued share capital as at the end of period

Group		Company	
31 Mar 06	31 Dec 05	31 Mar 06	31 Dec 05
58.19 cents	57.57 cents	49.09 cents	48.34 cents

For purposes of comparison, net asset value per ordinary share as at 31 Dec 2005 is calculated based on the adjusted number of ordinary shares of 539,131,199 after taking into consideration of 1 for 5 bonus issue. Net asset value per ordinary share as at 31 Mar 2006 is calculated based on the number of issued ordinary shares of 539,131,199.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

In Q1 2006, the Group's container volume increased by 2.3% to 341,000 teus over the same period last year.

As in the previous years the overall market volume of Q1 is somewhat negatively affected by Chinese New Year holiday period. However, unlike previous year, this is aggravated by the increased supply of space resulting in a downward pressure on freight rates primarily out of China. At the same time, the Group's container volume of China increased by 19.5% over the same period last year, due to introduction of its China-India-Middle East ("CIX") services, which commenced in Q4 2005.

The Group's revenue increased by 11% to \$172.7 million as compared to Q1 2005 as a result of increase in container volume, increases in certain surcharges, addition of revenue from inter-island container shipping business which started operation under the Group in January 2006 and higher revenue from charter-out vessels due to better charter-out rates. In addition, subsidiary in India contributed more to the Group's revenue in line with the increase in its activity.

Cost of services increased by 22.2%, mainly due to the increase in bunker price and charter hire expenses. The Group could only recover partially bunker price increase from its customers through fuel surcharges. Despite a decrease in stevedoring rates in Indonesia, the total stevedoring expenses increased too due to new services calling on ports where the stevedoring rates are high.

Due to the above, the Group's profit from operation, i.e. before foreign exchange loss or gain, dropped by 51.5% to \$10.5 million.

The appreciation of Singapore Dollar against US Dollar resulted in a foreign exchange loss of \$3.7 million in Q1 2006 as compared to a \$0.2 million gain in Q1 2005. As a result, the Group's profit after tax for Q1 2006 decreased by 68.3% from \$21.4 million reported in the same period last year to \$6.8 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

With more delivery of container ships in the market resulting additional supply of space, freight rates are expected to remain competitive throughout the year. Bunker prices remain high and the upward trend is expected to continue. The decline in the vessel charter-in rates, reduction of stevedoring rates in Indonesia and implementation of surcharges are not sufficient to mitigate the impacts of freight rates drop and bunker prices increase.

The Group will continue to explore ways to remain cost competitive, including by cooperating with partners to find more efficient mode of service operation and enhance existing service to be more efficient, review the continuity of unprofitable service and developing new areas.

The operation of inter-island container shipping business in Indonesia, which started in January 2006, will continue to give positive contribution to the Group. For inter-island container shipping, Indonesia strictly implements cabotage law, which requires deployment of Indonesia flagged vessels. The Group intends to grow its inter-island container shipping business in Indonesia by investing in Indonesia flagged vessels. Accordingly, the Group, as announced on 27 Apr 2005 and 10 Nov 2005, has awarded new building contracts for four container deck ships. Two units are expected to be delivered and deployed in Q2 2006 and the remaining two between Q4 2006 and Q1 2007.

In industrial shipping, two coal carriers will be delivered in mid 2006. The Group is actively pursuing opportunities in the areas of chemical tankers, cement carriers as well as coal carriers.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding fir None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect.

No interim dividend has been declared for the period ended 31 March 2006.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales.

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year S\$'000	Previous Full Year S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

PART III - OTHER ADDITIONAL INFORMATION

17. Interested Person Transactions

Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	1Q 2006 S\$'000	1Q 2005 S\$'000
---	--------------------	--------------------

PT. Samudera Indonesia Tbk

Provision of services - Agency Commission	1,100	1,060
Provision of services - Management Fee	221	214

PT. Samudera Indonesia Ship Management

Provision of services - Ship Management Fees	237	235
--	-----	-----

Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	1Q 2006 S\$'000	1Q 2005 S\$'000
---	--------------------	--------------------

PT. Panurjwan

Provision of services - Building rental	9	-
Provision of services - Charter hire	356	-

PT. Masaji Tatanan Container

Provision of services - Depot storage	29	-
---------------------------------------	----	---

PT. Prima Nur Panurjwan

Provision of services - Stevedorage	786	-
-------------------------------------	-----	---

BY ORDER OF THE BOARD

ANWARSYAH
Executive Director

Dated this 27 April 2006